



July 27, 2016

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler,

The musicFIRST Coalition would like to commend your decision earlier this month to maintain the media ownership rules prohibiting cross-media monopoly ownership of TV stations, radio outlets and newspapers by one entity in the same market. Our coalition represents artists and record labels, working to ensure that music creators receive fair pay. We focus largely on terrestrial and digital radio platforms, and the ways in which those mediums can do more to fairly compensate the musicians whose work those broadcasters rely upon.

We completely agree that the “ownership restrictions remain necessary in the public interest,” and that their existence promotes “competition, localism and diversity—in particular, diversity of viewpoints in local markets, thereby enriching local communities.” [\[1\]](#)

We applaud the Commission for attempting to limit the ever-growing reach of large radio conglomerates in this country. The more these radio companies can spread their reach into other media outlets, the more a powerful few can pick and choose what viewpoints the public has access to. It’s not just news. Music itself expresses a viewpoint. We don’t think the big corporations that control hundreds of stations nationwide that have narrowed playlists should have the ability to further narrow what Americans see, read and hear elsewhere.

During the 2012 quarterly review, we filed in the FCC’s docket, also requesting the retention of these limits:

“It is our firm view that the FCC should tighten these ownership limits to reverse the rampant homogenization and impoverishment of radio programming in recent decades and to restore radio’s public interest service.” [\[2\]](#)

Since this time, we have grown concerned by how inconsistently large radio companies describe themselves in front of the Commission as compared to the general public and investors.

Over the years, we (and nearly every reporter who covers broadcasting) have been bombarded with how “dominant” radio portrays itself to be. Per the National Association of Broadcasters, radio is “by far the #1 promotional platform,”[\[3\]](#) and they are “the King of the audio jungle.” [\[4\]](#)

From iHeartMedia’s President, COO and CFO:

“Broadcast radio’s reach remains the highest and most stable of all media continuing to reach 93% of all US adults 18 plus, with millennials’ reach almost the same, at 92%. So radio has now surpassed TV to become the number one reach medium. Put another way, more adults and more millennials are reached by AM/FM radio than any other medium.” [\[5\]](#)

Another example:

“The reach of iHeartMedia’s broadcast radio stations means that we are one of only a few media players in the United States with a reach of over 200 million people per month. Others include Facebook and Google... We are happy with our broadcast radio station footprint; and in certain situations we have room for adding stations.” [\[6\]](#)

As of 2016’s first financial quarter, iHeartRadio owns 885 radio stations with more than \$1.4 billion in revenues.[\[7\]](#) CBS owns 134 stations nationwide and generated \$3.85 billion[\[8\]](#) (and recently announced a \$500 million IPO.[\[9\]](#))

In spite of their obvious wealth and reach, corporations like iHeartRadio and CBS and the NAB have repeatedly called for loosening of the cross-ownership rules, arguing that they are but a small player in the media landscape.

From the NAB’s website:

“These decades-old rules should be updated to reflect the dramatic changes in the media marketplace, including the growth of alternate sources of news, information and entertainment, such as cable and satellite television and radio and the Internet... NAB continues to urge local stations and station groups to tell the FCC how the competitive environment for local broadcasting has changed and how regulatory reform is needed to help local stations continue serving their communities effectively.” [\[10\]](#)

And from their filings before the Commission:

“Local broadcast stations remain an essential part of the communications landscape—but they are no longer the dominant medium that they were decades ago... [C]onsumers increasingly turn to sources other than TV, radio, or daily newspapers for news and information on several key topics for daily life, including local information about housing, schools, jobs, businesses, health care and social services, and entertainment and culture... [T]he Commission [should] account for the clear changes in the competitive landscape that local stations face now, and which will undoubtedly grow even more competitive in the next few years.” [\[11\]](#)

We are also disturbed by their cavalier reaction to the Commission’s decision earlier this month:

"Ultimately, NAB hopes the five-member FCC, Congress or the courts end this indefensible FCC charade..." [\[12\]](#)

Preventing local media monopolization is no "indefensible charade." But we believe that the NAB pretending to be really small, when their companies are in fact really big, in an attempt to get even bigger, is an "indefensible charade." Especially when the NAB has just broken ground on its new, massive and expensive building in Washington, D.C. [\[13\]](#)

musicFIRST notes contradictions in the NAB's position, especially when they say their companies don't have enough money to pay musicians performance royalties but then actually rake in billions of dollars in revenue. Or when the NAB says radio still provides the same "promotional value" to artists as it might have 30 years ago, even though album sales have plummeted.

The Commission's rules exist for good reason. Radio stations pay nothing to use publicly owned airwaves and therefore, radio is a public asset—not private property. The rules exist so that viewers and listeners can have a variety of choices from where they get their information, and the rules are incredibly useful and necessary.

We are grateful to the Commission for not buying into the "indefensible charade" the NAB has promulgated over the past several years about the size of its companies, and for further creating a media environment in which Americans can have access to a variety of sources for their information and music. Only in such a media landscape can we continue to have a fair diversity of viewpoints.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Kalo", with a long horizontal flourish extending to the right.

Ted Kalo
Executive Director
MusicFIRST Coalition

[1] http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0627/DOC-340033A1.pdf

[2] <https://www.fcc.gov/ecfs/filing/6017022639>

[3] <http://www.nab.org/documents/newsroom/pressRelease.asp?id=3408>

[4] <https://twitter.com/nabtweets/status/738756256031244288>

[5] <http://seekingalpha.com/article/3972828-iheartmedias-ihrt-management-q1-2016-results-earnings-call-transcript?part=single>

[6] <http://seekingalpha.com/article/3972828-iheartmedias-ihrt-management-q1-2016-results-earnings-call-transcript?part=single>

[7] <http://www.radiolineup.com/owners/iHeartMedia/3> and
<http://www.iheartmedia.com/Documents/iHMQ12016PresentationDeck.pdf>

[8] <http://www.radiolineup.com/owners/CBS-Radio> and
<http://www.billboard.com/articles/business/7356867/cbs-exceeds-quarterly-earnings-expectations>

[9] <http://www.nasdaq.com/article/heard-it-on-the-radio-cbs-radio-files-for-an-estimated-500-million-ipo-cm646690>

[10] <http://www.nab.org/advocacy/issue.asp?id=2161&issueid=1017>

[11] <http://www.nab.org/documents/filings/OwnershipComments080614.pdf>

<http://www.nab.org/documents/filings/OwnershipReplies090814.pdf>

[12] <http://www.nab.org/documents/newsRoom/pressRelease.asp?id=3968>

[13] <http://dailycaller.com/2016/06/28/nab-opens-swank-d-c-hq-after-complaints-of-being-cash-strapped/>

